

JFMIP NEWS

A Newsletter for Government Financial Managers

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New Horizons for Financial Management

JFMIP will be hosting its 30th annual JFMIP Conference on March 13, 2001 at the Hilton Washington and Towers in Washington, DC. This Conference will feature a keynote speaker from the Federal government—the Honorable David M. Walker, Comptroller General of the United States, and two prominent speakers from the private sector—Whitfield Diffie, Sun Microsystems on computer security, and Gopal Kapur, President, Center for Project Management.

This one-day Conference will have concurrent panel sessions on a variety of topics of interest to the financial management community. The panel sessions will address:

- Optimizing Financial Management in Government Programs
- The Challenges of E-Government
- Building a Quality Workforce
- A New Age for Financial Management Systems
- New Horizons for Government Auditing
- Information Integration: The Impact on Policy Process and Oversight



*David M. Walker, Comptroller
General of the United States*

More information on the agenda and registration are inside this issue.

The Chief Financial Officers Council's Committee Impact Awards will be presented during the morning session. The luncheon session will feature the presentation of the Donald L. Scantlebury Memorial Awards for distinguished leadership in financial management in the public sector. Don't miss this opportunity for learning about new horizons for financial management as well as networking with senior financial officials.

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OMB Issues Guidance for FFMIA

New tools are being placed in the hands of agencies and auditors to be used for determining the compliance of an agency's financial management systems with the Federal Financial Management Improvement Act (FFMIA). The Office of Management and Budget (OMB) has recently revised its FFMIA Implementation guidance. The revised guidance, which was developed in consultation with agency CFOs and Inspectors General, has been changed substantially to focus agency and auditor activities on the essential requirements of FFMIA. The revised guidance lists the specific requirements of FFMIA as well as factors to consider in reviewing financial management systems for compliance. This document

also provides guidance to agency heads to help with the development of corrective action plans to bring an agency into full compliance with FFMIA.

The Dilemma

In the past, FFMIA requirements were inconsistently applied. Interpretation of standards was left to the auditor's judgement and compliance determinations were often times made by agency auditors vice agency heads, as the Act requires.

The revised guidance provides assistance to agencies and auditors to promote better understanding of which requirements of OMB Circular A-127 are relevant for substantial compliance with

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A Joint Perspective

On March 13, 2001, JFMIP will hold its 30th Annual Financial Management Conference, entitled: *New Horizons for Financial Management*. It is a fitting theme for the governmental transition that is underway. The nation is welcoming the 43rd President, George W. Bush, and soon the President, along with a newly appointed Cabinet, will establish their priorities and revise the FY 2002 budget submission to reflect this Administration's agenda. The newly appointed Director of OMB, Secretary of the Treasury, and Director of OPM will join Comptroller General David M. Walker as JFMIP Principals.



Karen Cleary Alderman
Executive Director, JFMIP

The JFMIP conference will highlight many of the financial management challenges facing the new Administration. Keynote speakers are: The Honorable

David M. Walker, Comptroller General of the United States; Mr. Whitfield Diffie, Distinguished Engineer, Sun Microsystems, Inc. and a world renowned expert in computer system security; and Mr. Gopal Kapur, President, Center for Project Management, who is among the leading experts in information system projects. In addition to keynote speakers, the JFMIP conference panels will highlight financial management challenges and opportunities facing this new Administration. These panel sessions will address financial systems challenges; E-Government and technology issues; the impact of information integration on policy, process and oversight; government auditing issues and optimizing financial management in government programs.

As we celebrate the New Year, a new Cabinet is taking shape. Over the next several months, our new leadership will identify significant policy issues, articulate goals, and initiate action. Filling key managerial posts, including Chief Financial Officers, will then

occur over a period of many months. A question on the minds of many is what priority will the management of government have in this new Administration. While the national constituency for the specifics of good government may be limited, there are strategic forces in place that will make government management issues, in general, and financial management issues, in particular, increase in significance. Major drivers include the statutory management framework passed during the last decade; extra-government measurement of government program performance; and current limitations of the human capital and systems infrastructure capacity of Federal agencies. In combination, these issues present challenges and opportunities to the next Administration.

The Management Framework—Building on the Last Decade.

A robust statutory framework to improve Executive Branch decision making, performance, and accountability—as well as Congressional oversight—has been put into place over the last decade. Key elements include:

Shifting from input processes to results-oriented management and accountability as required by the Government Performance and Results Act.

Establishing the basis for routine generation of accurate, timely and reliable financial and program cost information through the passage of the Chief Financial Officers (CFO) Act and related legislation.

Disciplining and focusing the information technology planning and investment process as mandated by the Information Technology Management Reform Act and the Paperwork Reduction Act.

Emphasizing protection of information access and personal privacy through the Computer Security Act, as amended, and the Information Security Act of 2000.

In combination, this statutory management framework sets high expectations for linking resources to results and for exploiting modern information management systems to deliver services and support decision making.

Federal Performance in the 21st Century—How will the Public Measure?

What are the expectations of the American people regarding Federal government performance? How will the performance of government programs be measured? The management framework reflected in statute marks a strategic shift in government performance measurement from internal process efficiency to externally focused results. Nevertheless the directions are focused on the Government establishment. In fact, government performance is measured in a variety of ways by internal and external institutions. The 1999 Millennium Survey conducted by the Pew Research Center for the People and the Press found the percentage of Americans who believe that government is inefficient and wasteful has declined steadily over the last decade to *only* 64%! (Down from 70% in 1992.) The Pew research found public frustration focused more on elected officials who lead government than civil servants who administer it. This analysis indicates that trust and confidence in government is clearly linked to perceived performance of government programs.

Other external indicators paint a brighter picture of how well government performs. A standardized customer satisfaction index is an approach to measuring institutional performance, and one such index is the University of Michigan National Quality of Research Center's American Customer Satisfaction Index (ACSI). This index measures customer satisfaction with the quality of goods and services available to household consumers in the United States for 164 companies and 30 government agencies. The 1999 and 2000 results of 30 Federal agencies that deliver services and benefits to the public indicated an average satisfaction rate of 68.8 in both years, compared to 72.9 in 1999 and 71.2 in 2000 for private sector companies. This suggests a relatively narrow gap, on average, among Americans on their perceived performance of Federal agencies and private sector companies in the quality of goods and services that are provided.

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The CFO of the 21st Century

By John Callahan, Chief Financial Officer
Department of Health and Human Services

A year ago we all waited in anticipation of the Y2K bug. We mastered that crisis; government programs were maintained and payment systems worked as directed. The mail was delivered; grocery stores were stocked and the world's financial markets did not crash. We all breathed a sigh of relief. For what was at stake was not just the operation of our information technology systems, but the basic functioning of government itself.

Now we are into the twenty-first century and we must clearly address the financial management challenges that confront us. The CFO Council has identified specific challenges facing the Federal CFO community in its recently adopted "CFO Council Statement on the 21st Century CFO."

Four Challenges for CFOs

First, CFOs working in close harmony with Secretaries and Deputy Secretaries must undertake a broad-based set of financial management responsibilities. These responsibilities range from budget formulation and execution to preparation of financial statements, and implementation of various financial management statutes. CFOs need to serve as strategic business partners in developing the financial and business cases for various reengineering efforts that will effectively lower program costs and enhance program integrity.

Second, Federal CFOs must continue to press for a timely and constructive audit process. The CFO Council respectfully com-

mends the use of Audit Committees in Federal Departments since they are so widely and effectively used in the private sector. But most importantly, the CFOs and the Inspectors General must work in close harmony to both identify deficiencies in financial management and to move forward with effective plans to counter these deficiencies. To that end, a timely audit and a constructive dialogue on the audit process and its findings aid both CFOs and IGs.

Third, as with many other senior management officials, strong consideration should be given to raising the compensation levels of CFOs which are now only one-third that of the private sector and also to exploring the development of compensation based on objective performance achievements. CFOs should, of course, be held directly accountable for their work and compensation patterns should reward performance.

Finally, for the CFO accountability should be open and public. An annual financial report in the private sector is a guide to how well a company performs and is managed. Federal CFOs must have the same formal, comprehensive, accessible public record of their performance. Many CFOs do this through their consolidated Accountability Reports. This is now a permanent part of Federal law in the Reports Consolidation Act of 2000 (P.L. 106-531) and should be carefully heeded by all CFOs.

But aside from these general considerations, there are several specific concerns that should be immediately addressed by Federal

CFOs. The first is computer security. The GAO has indicated that this will be a major item in this year's Governmentwide financial audit. CFOs must work closely with CIOs in maintaining the highest possible level of computer security for their financial systems. The second is the need to aggressively deal with the matter of improper payments. Methodologies for determining error rates for payment programs should be developed and consistent, long-term efforts should be made to bring down error rates. Finally, there is the matter of E-Government. Government services and information will increasingly be made available over the Internet. CFOs must look carefully at all their business processes and take a lead in promoting E-commerce, E-business, and in broadening use of the Internet in all areas of financial management.

Underlying all of these issues is the looming "human capital crisis," as some have called it. We need to strengthen and maintain the quality of our financial management workforce in order to effectively meet the challenges of implementing new technologies, shoring up our internal controls, and improving our delivery of services to the taxpayers.

The Y2K crisis has passed. If CFOs can now focus their attention, roll up their sleeves, and attack the aforementioned problems with vigor, this new century will be one of great promise for the CFO community. And the American public will benefit from their success. □

Second Forum on Implementing Financial Systems

On December 12, 2000, JFMIP held the second Forum on Implementing Financial Systems. The Forum participants were representing agencies who are "in the market" for a new financial management system. Sixty people from 38 agencies attended.

The 3-hour forum had presentations from Karen Alderman, JFMIP Executive Director, Sky Leshner, Chair, CFO Council's Financial Systems Committee, Jean Holcombe, Senior

Policy Analyst, Office of Management and Budget, Office of Federal Financial Management, Stephen Balsam and Bruce Turner, both from the JFMIP. JFMIP shared its goals, which were highlight common challenges with agency systems, assess JFMIP tools in meeting expectations, identify gaps and leverage points and sharing information.

The participants at the forum discussed topics, such as investing in financial systems, security issues, successfully implementing fi-

nancial systems, future directions for the JFMIP Qualification Test, and the new financial systems Road Map. An issue that was discussed concerned the standardization of interfaces between the core financial systems and subsidiary systems. To view the presentation slides and/or the minutes from the Forum, go to www.jfmip.gov. If you would like more information or if you would like to be informed of the next forum, please send an email to bruce.turner@gsa.gov. □

FINANCIAL MANAGEMENT PROFILE

David K. Kleinberg joined the Department of Transportation in 1994 as the Deputy Chief Financial Officer. He can quickly apprise you of his primary responsibilities—overseeing financial and accounting activities and occasionally advising on budget issues. What you notice within a few minutes, however, is that his principal role is an agent for change. Mr. Kleinberg is clearly a forward thinker who advocates adoption of world class private sector practices, continuous improvement and the exploitation of technology to advance government financial management functions.

In addition to a wealth of financial management experience, Mr. Kleinberg indicated his recognition of the importance of in-depth analysis as a fundamental aspect of his career. He gained his appreciation for analysis at the beginning of his career in Systems Analysis with the Office of the Secretary of Defense, which he joined soon after his graduation from Cornell Law School in 1965. Other milestones in his early career include extensive experiences in the world of budget that began at the Bureau of Budget in 1968. Within 7 years, he was promoted to Chief, Income Maintenance Branch, in the Office of Management and Budget (OMB). A short time later, he was promoted to Deputy Associate Director of the Health and Income Maintenance Division, which oversaw about 40% of the federal budget.

Now, his most intensive and central financial management activity is shepherding Transportation's implementation of its new core financial management system, Delphi. Delphi is an Oracle based database system that not only gathers an array of data but also will effectively group and display the data in meaningful ways to managers. Optimally used, Delphi is the core tool to integrate multiple systems and enable a series of progressively sophisticated E-Government strategies. Mr. Kleinberg said that 3 of 12 organizations within Transportation have successfully implemented Delphi, and Transportation anticipates full implementation in calendar year 2001.

Many of Transportation's recent achievements reflect Mr. Kleinberg's dedication to improving financial management and service through effective use of technology. One highlight is Transportation's proactive and robust sponsorship of an E-Government initiative that focuses on services to the public. The initiative, which began in 1999 and was coined "Do-It-Yourself" (DIY), has a simple premise: development of a common "utility" to take in the funds from the public. While each Transportation program has its own Internet storefront, all use a single backend system for ease of financial administration and economy. The site is tightly integrated with the Transportation's financial management system, keeping all of these transactions electronic. Mr. Kleinberg stated, "DIY grew out of the finance office's desire to reduce transaction costs. We saw the opportu-

nity to reduce paperwork and to introduce web based services to the public. This makes sense to do."

How correct he was. When the pilot DIY was initially set up with the Federal Motor Carrier Safety Administration, employees had a five-week backlog of applications. The backlog was eliminated in less than 18 months through the use of Web-based filing. The Research and Special Programs Administration (RSPA) registration site experienced even greater success. The DIY site developed an automated process to fulfill the requirement to register before transporting hazardous materials in the United States. RSPA reduced registration processing time from four weeks to 20 minutes. The success of DIY did not go unnoticed. The department's DIY initiative was one of 22 winners for the ninth annual Government Technology Leadership Awards.

That isn't the only success the DOT has experienced in the area of financial management and technology. Transportation received its first unqualified opinion on its 1999 financial statements. This is an impressive accomplishment. This "clean" opinion required great effort from thousands of people in diverse organizations from the Coast Guard to the Federal Aviation Administration to correct issues involving poor property management practices that dated back

30-40 years. For 1999, Transportation was among the 13 of 24 largest Federal agencies to achieve a clean opinion. It seems appropriate that the Department of Transportation would lead in the use of technological advances to streamline and modernize its federal travel processes and systems. Specifically, Transportation implemented a self-booking system for travelers coined "FedTrip." Its use began on a limited, test basis in early 2000. Because the service is tailored to meet federal travel regulations, a traveler cannot make common, inadvertent mistakes in arranging travel. And, because the system is automated, it will save taxpayers money. FedTrip was rolled out at Transportation headquarters by January 1, 2001. Transportation projects the program will save \$700,000 during its first full year when an estimated 20 percent of employees book their trips via the Internet. About \$350,000 will also be saved in staff time, because Web-booking is faster than traditional telephone reservations. Eventually FedTrip will be available to other federal agencies. Due to the cost savings and ease of use, Mr. Kleinberg expects FedTrip to quickly become popular with other agencies once it's available outside of Transportation.

Another example of applying private sector processes and technological advances to the federal government is an initiative to reduce procurement inefficiencies. In the next 9-12 months, the DOT plans to roll out "Online Ordering Payment Systems." The system will be used for day to day purchases using web technology. Mr. Kleinberg envisions a truly paperless means of procuring where not only the



*David K. Kleinberg, Deputy Chief Financial Officer,
Department of Transportation*

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Payroll Modeling Application at Energy

During 1998, the development of the Payroll Modeling Application (PMA) was in response to the Department of Energy's (DOE) increasing requirements and expectations during a period of declining or constrained resources. DOE managers needed a tool to assist decision-making for manpower requirements and to formulate a basis for financing all federal full time equivalents (FTE). Past modeling capabilities were time consuming and insensitive to actual employee data. The use of average salary statistics distorted the outcome of past analysis. And appropriations in support of federal employment were declining in the Departmental Salary Appropriation Accounts. Milton Brown and a team of four other employees (from the Budget, Management and Program Offices) conceived and developed an innovative tool to support management's needs.

The PMA is a web-based application used to forecast future payroll expenses. The application was developed in two phases-Formulation and Execution. The Formulation Phase was designed to create various payroll-forecasting models for estimating employee's salary and benefits for each pay period for a specific year and to conduct scenario analysis, e.g. Reduction in Force (RIF) projections, voluntary and involuntary separations, transfers, etc.

The Execution Phase was designed to compare the planned projections to actual salaries and benefit costs and project total salary expenses for the remaining pay periods in the fiscal year.

Mr. Brown organized a team to assist with PMA's implementation. The team developed requirements, test criteria, and an implementation plan. In order to develop requirements

for initial phase of the application, several team members utilized benchmarking techniques to look at similar efforts at other federal agencies. They learned that no agency in the federal government owned a payroll-modeling application. In fact, several agencies expressed an interest in testing DOE's model within their agency once it was implemented at the Department. The requirements and the testing phase involved countless hours of detailed policy analysis, process and information-gathering to ensure the application would pass the ultimate test of meeting the needs of Departmental program offices and senior management officials.

As part of the implementation, the team developed a pilot and pre-tested it with 10 HQ program offices and three field sites. The initial pilot proved to be highly successful. The pilot was expanded to include more than 30 program offices and five field sites. Now the application is used Department-wide and the CFO declared this application a major CFO financial system.

On August 17, 2000, Mr. Brown gave a presentation on the Department's PMA at Treasury's annual Financial Management conference at the Hyatt in Bethesda, Maryland. The conference was well represented with financial managers and other personnel from the public and private sector. Milton has also demonstrated the application at the Equal Employment Opportunity Commission, Nuclear Regulatory Commission, and National Aeronautics and Space Administration. PMA is in the second year of implementation and continues to be a critical tool for salary and benefits budget formulation and execution. Please call Milton Brown on 301-903-2580 or e-mail him at milton.brown@hq.doe.gov if you are interested in seeing a demonstration. □

JFMIP Human Resource Project Update

How critical is the human resource issue in implementing a financial system? A recent survey indicated that on average, only 16 percent of information technology (IT) projects are completed on time and on budget. That average drops to less than 10 percent for large organizations. In another survey, 78 percent of respondents indicated poor project management skills as a primary cause for IT project failure. Considering the Federal government will spend \$2.4 billion for attaining new and replacing existing Federal financial systems this fiscal year, it's imperative that agencies have a highly qualified workforce to help ensure successful implementation.

The JFMIP, in collaboration with the CFO Council's Financial Systems and Human Resources Committees, has made steady progress in addressing this need. 13 Federal organizations that recently installed new or replaced existing systems have been interviewed to glean best practices and lessons learned. As a result of those interviews and continued communication with the CFO Committees, experts in the public and private sectors and academia, the JFMIP has defined the core competencies successful Project Managers should have in the recently issued Exposure Draft *Core Competencies for Project Managers Implementing Financial Systems*. The Exposure Draft is posted on the JFMIP website, www.jfmip.gov. The Exposure Draft defines 15 competencies that fall within three categories: Financial, Human Resource, and Technical Management. Any comments regarding the Exposure Draft should be sent to JFMIP by February 16, 2001.

Identifying core competencies of successful Project Managers is only the first step in this human resource issue. An agency must be able to recruit and retain Project Managers and implementation team members. The JFMIP with the CFO Council Committees are finalizing another document on strategies necessary to build a workforce capable of successfully implementing financial systems. The JFMIP and the CFO Council Committees will begin working with the CIO Council Federal IT Workforce Committee, and other



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NASA Publishes Enhanced Career Development Guidance for their Financial and Resources Management Community

One of the priority goals of NASA Chief Financial Officer (CFO) is to attract and retain a professional staff with capabilities that are commensurate with current and future challenging requirements of the Federal financial and resources management environment. In the mid-1990's, Arnold G. Holz, the NASA CFO, initiated several key activities to achieve this goal. One of several staff-related accomplishments was the publication, in October 1998, of a competency-based career development guide, using the JFMIP competencies as a baseline. Concurrently, NASA published an *Individual Development Plan Advisor* to help employees plan and manage their careers.

This *Guide* emphasizes the need for multi-disciplinary employees and defines the types of competencies that are required in the NASA financial and resources management community. Diagram A illustrates that effective performance and career growth within the NASA financial and resources management community involves the successful integration of career experience with general competencies, technical competencies and demonstration of key attitudes.

NASA recently published an enhanced *NASA Financial and Resources Management Career Development Guide*. The expanded *Guide* now includes:

- A comprehensive library of approximately 600 classroom and non-classroom based courses. These classes correlate with the technical competency knowledge and skills unique to each job category and career stage;
- A comprehensive list of NASA and Federal developmental assignments of interest to the financial and resources management community; and
- A core curriculum for all NASA financial and resources management employees that is unique to job category and career stage.

An excerpt from the enhanced *Guide*, labeled Excerpt 1, illustrates selected knowledge/skills and learning objectives for entry-level financial management personnel.

Copies of both the *Guide* and *IDP Advisor* are available on the NASA CFO Home Page at: ifmp.nasa.gov/codeb/library/career.htm in three formats: Word, HTML, and interactive HTML. Because of the dynamic nature of this information, NASA plans to update the library on a semi-annual basis.

You may direct any questions regarding the *NASA Financial and Resources Management Career Development Guide* and *IDP Advisor* to Gail S. Williams, Chair of the NASA Career Development Team by phone at (301) 286-0159 or by email at Gail.S.Williams.1@gsfc.nasa.gov. □

Diagram A

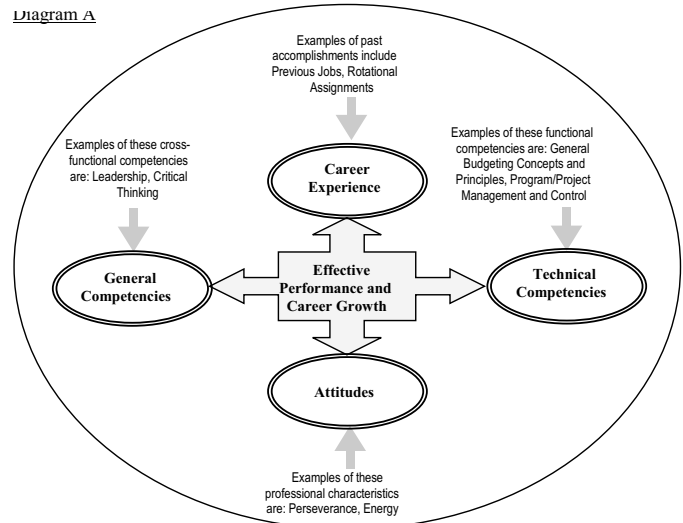


Diagram A, above, illustrates how several elements combine to determine effective performance and career growth.

Financial Management		
Click to Technical Competencies Page	Click to Business Resources Management	Click to Technical Support
Career Stages: Entry Level Journey Level Senior Level Executive Level		
Competency	Knowledge/Skills	Learning Objective
General Accounting Concepts, Principles and Business Practices	Mandatory accounting education	Possess 34 credit hours at the college level in accounting
Federal Accounting Concepts and Standards	Generally accepted accounting principles and traditional accounting practices, operations, and procedures	Demonstrate knowledge of the different methods of accounting, including accrual, obligation, and cost methods
Agency Financial Accounting Policies and Procedures		Describe compliance requirements, e.g., GPOA, Full Cost Accounting, FMFIA
Internal Control Systems, Policies and Procedures		Demonstrate basic knowledge of general accounting principles and concepts
Automation Principles, Methods, Techniques and Systems		
Go To Master Course List		
Reports		
Feedback		
Training Providers		
Course Library		

Excerpt 1: Sample of Knowledge/Skills and Learning Objectives

Intragovernmental Transactions

After several years of effort, it is still not possible to effectively eliminate interdepartmental transactions for the consolidated U.S. Financial Statement, and many agencies are still having difficulty reconciling intragovernmental transactions.

For the most part, this complex problem has been approached in a fragmented way, and issues have been addressed individually rather than in an integrated fashion. Most of the solutions proposed entail manual reconciliations, which are very resource intensive.

Intragovernmental transactions have been generally segregated into two basic classes: fiduciary and buying/selling. Fiduciary transactions include borrowing and investment activities as well as employee benefit programs and worker's compensation programs. The principal fiduciary partners are the Federal Financing Bank (FFB), the Bureau of Public Debt (BPD), the Office of Personnel Management (OPM), and the Department of Labor (DOL). A significant amount of work has been devoted to the development of a process for communicating and reconciling these fiduciary transactions, which are often characterized as high dollar/low volume transactions. Because of the dollar amounts involved, the fiduciary transactions have a major impact on the U.S. Financial Statement.

Progress in resolving issues involving buying and selling between federal agencies has been somewhat slower. Some may believe that these high volume/low dollar transactions are not material at the U.S. Financial Statement level and, thus, do not merit further attention. However, the buying and selling transactions usually have a big impact on agency financial statements. The elimination of intragovernmental buying/selling transactions is also complicated by the need to identify and eliminate these transactions within a department as well as between departments. For many departments, significant resources and effort are required to identify and reconcile intragovernmental transactions within their own department. As a result, there may not be sufficient time and resources remaining to permit the timely identification and recon-

ciliation differences arising from interdepartmental transactions.

There are currently several ongoing groups that are working to address the problems involving intragovernmental eliminations. The Chief Financial Officers (CFO) Council sponsors two workgroups. Kathleen McGettigan, Chief Financial Officer, Office of Personnel Management, currently chairs the Intragovernmental Confirmation Transaction Workgroup. This group developed FinanceNet-based reconciliation processes for the fiduciary transactions. Larry Eisenhart, Deputy Chief Financial Officer at the Department of State, chairs the CFO Workgroup on Intragovernmental Elimination of Revenue/Expense. After collecting information from federal agencies, this group submitted a proposal for a long-term solution to the CFO Council in late November 2000.

The Financial Management Service (FMS), Department of the Treasury, sponsors a longstanding workgroup, the Intragovernmental Eliminations Taskforce, that is comprised of financial and auditing representatives from more than 20 federal agencies. This group was responsible for the development of the *Federal Intragovernmental Transactions Accounting Policies and Procedures Guide* and has now begin to focus on an update to the *Intragovernmental Fiduciary Transactions Accounting Guide* that was issued last year. In addition, the General Services Administration (GSA) is working in conjunction with FMS to develop a tool to assist agencies with the identification of trading partners for Smart Pay charge card transactions. A database will generate reports that list sales to agencies and associated amounts as well as purchases from agencies and associated amounts. FMS will also deploy its new IPAC System this year. IPAC is a migration of the OPAC system to a new Internet based platform. IPAC retains the OPAC functionality and includes some additional data elements to aid reconciliation. OPAC, and its successor IPAC, is the system through which the majority of intragovernmental payments and receipts are transferred.

Based on information collected from agencies and oversight groups, there are still

major issues that exist despite the best efforts of many. These issues appear to be clustered around three themes: business practices and procedural issues, financial systems and associated technical issues, and change management issues.

Procedural

Many of the procedural issues identified reflect the absence of common rules for conducting business transactions within the federal government. This lack of standard policies and procedures results in inadequate and, on occasion, conflicting policies and procedures within and between Federal departments. Inconsistencies in business practices may be a major contributor to the absence of complete information provided by selling agencies in a timely manner.

One of the most troublesome challenges involves the establishment of cut-off dates for the close of an accounting month. Current procedures allow each agency to establish its own monthly closing date, and this date may be anywhere between the 20th day and the last day of the month. Inconsistencies in these cut-off dates result in widespread timing differences for recognizing or recording transactions between agency partners. Those timing differences that occur at year-end produce reconciling differences and eliminations that span fiscal years.

Another source of difference in practices stems from the significant flexibility that is afforded for executing intragovernmental transaction. For example, purchases can be prepaid or an agency can make installment payments based on work completed. In addition, there are several mechanisms that can be used for exchanging funds; e.g., credit cards, OPAC billings and collections, and Standard Form (SF) based methods. In addition, there is considerable variation in the level of detail that is maintained to support an intragovernmental transaction or that is exchanged with a trading partner. Federal agencies that provide goods and services to other federal agencies are not required to provide the same level of invoice detail, such as an order number or description of goods provided, that is required for commercial vendors under

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*Transactions,
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the Prompt Payment Act. Other procedural issues include differences in the determination of materiality across government, the lack of standard forms and formats for confirmations and reconciliations, and the lack of an adequate resolution process to resolve payment disputes.

Technical

Financial system limitations lie at the heart of the problem. Even if the business practices are aligned, the accurate and timely elimination of intragovernmental transactions cannot be realized until the underlying financial system weaknesses are addressed. Many of the legacy systems are unable to effectively capture essential data at the transaction level. In other instances, the capability to capture relevant transaction level detail may exist within the software, but this functionality is not effectively implemented. Furthermore, the design of the OPAC system, which settles the accounts of the federal trading partners, does not ensure that adequate documentation is consistently provided to properly support fund transfers.

Also, government-wide guidance issued by central agencies is not always precise enough to provide the discipline and consistency that is needed to effectively capture transaction details. For example, transaction partner codes are assigned at the department level and not at the bureau level where business is conducted. There are no standardized revenue/reimbursable source codes to promote consistency in the recognition of different characteristics or types of revenue. There are also opportunities to improve upon accounts, account definitions, and posting models that are currently defined in the U.S. Government Standard General Ledger (SGL). For example, even though the balances are material to the presentation of the U.S. Financial Statement, there are no four digit SGL accounts designated for intragovernmental accounts receivable and accounts payable. Furthermore, there is a lack of precision in some of the account definitions, and this leads to differences in interpretations and inconsistencies in the classification of financial events. Finally, current posting models do not provide for adequate recording

of both sides of the trading transaction at its initial stage. When the selling agency receives an order, an entry is made in the proprietary accounts to reflect unearned revenue. On the other side, the buying agency does not make any corresponding entry in the proprietary accounts to represent the corresponding liability. This weakness guarantees the existence of differences and subsequent reconciling items.

Change Management Issues

There are also a variety of organizational management issues associated with intragovernmental transactions and subsequent eliminations. Most of the current solutions rely upon manpower intensive reconciliations, which require cooperation and teamwork across organizational boundaries and which consume lots of manhours. Trading partners that are unresponsive, for whatever reason, hamper reconciliation and elimination efforts. There are no real incentives to foster the desired behavioral change that the needed standardization requires, and there are no mechanisms to ensure compliance with any standardized requirements. The incentives for change are essential to the resolution of the intragovernmental transaction problems outlined here.

The impacts of divergent business practices and inadequate technical infrastructure are visible. Inadequate systems combined with inconsistent practices are the primary cause of agency failures to capture all appropriate and pertinent information at the transaction level. The absence of structured posting rules and a functional architecture for intragovernmental transactions makes it extremely difficult to identify the accounting treatment involved on both sides of a transaction without significant manual intervention. The estimation of accruals and unbilled items by both partners without structured business rules virtually guarantees the existence of reconciling differences. The current system architecture does not provide for a designated common identifier to link both sides of an exchange transaction within the Federal government. This shortcoming is exacerbated by the significant variations in the configurations of systems and coding structures among the agencies. There are inconsistencies in the availability of detailed transaction data, and even when transaction discrepancies can be identified, locating the appropriate contact

point to reconcile and resolve the differences is very challenging. The effort is further complicated when agency cross-servicing is involved because true trading partner codes can be obscured.

The combination of inadequate financial systems, weaknesses in central agency guidance, and diverse business practices make the elimination challenge particularly difficult. Current solutions focus on manual reconciliations, which consume enormous resources and are somewhat futile if the transaction data cannot be produced. In addition, the reconciliation process created for the fiduciary transactions is viewed by some as the final solution despite the known errors associated with interest and other computations, allocation, and recording of fiduciary activity at the fund group level.

Despite what appear to be insurmountable problems, there are several actions that can be taken to improve chances for a more successful outcome. These actions should focus on the adequacy of the data collected at the transaction level, the development of an architecture for effectively exchanging this data, and the development of an environment that facilitates the necessary behavioral change. These opportunities include:

- Development of a functional system and data architecture for intragovernmental transactions, including common business rules, to add needed structure.
- Reengineering of technical tools, such as a chart of accounts, posting models, revenue source codes, and trading partner codes, to provide needed discipline.
- Conducting a survey of implemented agency systems to determine functional capabilities to capture required data at transaction level.
- Development of strategies to facilitate the desired behavioral change, such as communication strategies, training strategies, incentives, and enforcement mechanisms that are critical to success.
- Building upon past efforts to identify lessons learned as well as other opportunities for continuous improvement. □



Ruth Laughner, Marla Goodwin and Mary Hartman

NEW STAFF AT JFMIP

From the Executive Potential Program -

Mary Hartman

The Executive Potential Program (EPP) is an intensive 12-month program that is open to GS 13-15 level employees who have already proven their professional, supervisory and managerial abilities. It is part of the Graduate School, USDA's Leadership Development Academy. The EPP development program enhances the competencies needed to become a more effective leader. The program develops senior-level employees through a series of learning experiences that include four intensive one-week residential sessions, benchmarking experiences with major corporations to learn "best practices", meetings with leaders (in public service, business, industry, and academia), developmental assignments, senior executive interviews, shadowing assignments and an experiential learning project.

Mary Hartman is an EPP participant who has been at JFMIP on developmental assignment since November 2000. Mary's "home agency" is the Office of Personnel Management (OPM) where she is a senior program analyst in the Retirement and Insurance Service. Mary is the project manager for a recently implemented Oracle database system for the Federal Employees Health Benefits (FEHB) Program. During her tenure at OPM, Mary has developed training programs, planned conferences, coordinated the government-wide annual FEHB Open Season, and managed a branch office that was responsible for the administration of 150 FEHB health plan contracts. While on assignment at JFMIP, Mary is working primarily on human resources issues and the upcoming JFMIP Conference.

"I worked for the Maternal and Child Health Service at HEW (now HHS) before I moved to Utah to attend Brigham Young University. Later, I came back to the DC area and worked for Blue Cross. I decided to return to work in the Federal government and resume a career in public service. I've never regretted that choice because I found opportunities to do meaningful, professionally challenging work."

"In working at JFMIP on human resource issues, it's clear that the Federal government must do more to recruit and retain employees in project management and implementation of financial systems. The Federal government needs to be more competitive when it comes to salaries, benefits, professional development and career opportunities. I know that if implemented, JFMIP's strategies for building the Federal workforce will work."

From the Executive Leadership Program -

Ruth Laughner Marla Goodwin Shirl Taylor-Wilson

The JFMIP continues to support the Executive Leadership Program (ELP) for Mid-Level Employees (formerly the Women's Executive Leadership Program) through sponsoring participants in developmental assignments. The USDA Graduate School ELP program is available to men and women grades GS-11 to GS-13 or equivalent who have demonstrated leadership and management potential. The program requirements include the completion of two developmental assignments during the year-long program. During the Fall and Winter of 2000/2001, three program participants have worked at the JFMIP. The participants are Ruth Laughner, Marla Goodwin, and Shirl Taylor-Wilson.

Ruth Laughner is an Accountant with U.S. Health and Human Services, National Institutes of Health, Office of the Director. During her 60-day assignment that began October 26, 2000, Ruth has been analyzing information and assisting in drafting the Benefits Requirements for Financial Management Systems document. She has also had the opportunity to interview a CFO whose profile will be featured in the Spring 2001 JFMIP News.

Marla Goodwin is a Bank Examiner with the Farm Credit Administration. During her 30-day assignment that ended December 22, 2000, Marla assisted in researching and drafting Human Resource Issue documents. She also contributed to the 2000 Accountability Report, wrote articles for this publication, assisted in projects to enhance the JFMIP website, and helped with preliminary work for the JFMIP Conference.

Shirl Taylor-Wilson came to the JFMIP on January 2, 2001, from the Health Resources and Services Administration, Bureau of Primary Health Care, where she is a Public Health Analyst. During her 60-day assignment, Shirl will be working on the Benefit Systems Requirements project.

In addition to gaining valuable insights and experience working on JFMIP projects, ELP participants have the opportunity to attend meetings where policies and decisions impacting the financial management community are made.

In the upcoming months, JFMIP will have other developmental assignments for detailees. If you are interested, please contact Doris Chew (doris.chew@gsa.gov) or Karen Cleary Alderman (karen.alderman@gsa.gov) by email. □

JFMIP System Requirements Documents Development and Maintenance Model

The Joint Financial Management Improvement Program (JFMIP) has been publishing systems requirements documents since 1988. The Federal Financial Management Improvement Act of 1996 (FFMIA), also known as the Brown Bill, mandated that "each agency shall implement and maintain financial management systems that comply substantially with: (1) Federal financial management systems requirements; (2) applicable Federal accounting standards, and (3) the United States Standard General Ledger at the transaction level." As a result, the JFMIP requirements documents were established as standards for determining compliance with financial management system requirements under FFMIA. In addition, the Office of Management and Budget (OMB) Circular A-127 cites JFMIP system requirements as governmentwide standards for financial management systems.

After FFMIA was passed, the JFMIP adopted a two-step strategy. First, update existing requirements documents. Next, develop documents for areas for which system requirements had never been published. Currently, all previously published documents have been updated and projects are underway to develop new documents, including benefits and acquisition.

The process for updating existing requirements documents was fairly well known by those involved in the prior issuance of requirements. This helped to facilitate the updating process. However, it is apparent that it is useful for JFMIP publish a model for developing and maintaining new requirements documents. Although there is no prescribed "cookie cutter" model for developing and maintaining documents, there are three primary categories of activities: (1) establishing the project; (2) developing and publishing an Exposure Draft; and (3) developing and publishing a final document. Each of these three categories involves a number of steps, as described below.

Establish the Project

1. Confirm that the functional area; e.g., direct loans, is within the purview of the FFMIA, as a financial management or financial mixed system or subsystem, in which case a requirements document is necessary.

2. Confirm that the functional area; e.g., direct loans, is within the purview of OMB Circular A-127 Financial Management Systems, as a financial management or financial mixed system or subsystem, in which case a requirements document is necessary.

3. Confirm that policy, oversight, and other offices, organizations, and individuals are committed to the development of a JFMIP requirements document; e.g., in the case of direct loans, the Federal Credit Policy Working Group (FCPWG); Chief Financial Officers (CFO) Council; JFMIP Steering Committee; and others.

4. Identify a senior level knowledgeable individual in the functional community; e.g., direct loans, to lead the requirements development effort.

5. Identify organizations, offices, individuals, and affinity groups that are involved or interested in the development of the JFMIP requirements document; e.g., in the case of direct loans, the FCPWG; CFO Council; CFO Council Financial Systems Committee (FSC); JFMIP Steering Committee; vendors; and others.

6. Generate a letter, or letters, to policy, oversight, affinity groups, and other stakeholders to solicit members to serve on the requirements document development team, and schedule a kick-off meeting for the leader, members, and others to meet, greet, and begin effort.

7. Identify or form a senior level oversight group to resolve cross-cutting policy issues that are identified during the requirements development effort and that cannot be resolved by the team.

Develop and Publish an Exposure Draft:

8. Conduct the kick-off meeting, where the development group is formed and short-term action items are identified, including scheduling of the next meeting.

9. Collect existing, relevant, useful documentation that the team may be able to use; e.g., laws, regulations, glossaries, existing high-level requirements documents, etc.

10. Develop an outline or strawman for a draft requirements document.

11. Circulate the outline/strawman to all members and others that may be interested and invite the submission of comments

and recommendations for additions, changes, and deletions.

12. Develop a draft requirements document.

13. Circulate the draft document to all members and others that may be interested and invite the submission of comments and recommendations for additions, changes, and deletions.

14. Provide periodic status reports on the project to policy, oversight, affinity groups, and others that are interested in receiving reports; e.g., FCPWG in the case of direct loans; CFO Council FSC; JFMIP Steering Committee; and others.

15. Meet as necessary with the issues resolution oversight group identified or formed to resolve policy issues that cannot be resolved by the team.

16. Prepare a draft Exposure Draft.

17. Submit the final draft Exposure Draft to policy, oversight, and other management offices, organizations, and officials for review and approval of Exposure Draft for publication.

18. Prepare and publish the Exposure Draft for a 90 day public comment period.

Develop and Publish a Final Document:

19. Collect, assimilate, evaluate, and summarize comments for appropriate action by the requirements team to modify the Exposure Draft and prepare a final document.

20. Prepare a revised document.

21. Circulate the draft document to all members and others that may be interested and invite the submission of comments and recommendations for additions, changes, and deletions.

22. Provide periodic status reports on the project to policy, oversight, affinity groups, and others that are interested in receiving reports; e.g., FCPWG in the case of direct loans; CFO Council FSC; JFMIP Steering Committee; and others.

23. Meet as necessary with the issues resolution oversight group identified or formed to resolve policy issues that cannot be resolved by the team.

24. Submit the final document to policy, oversight, and other management, offices,

Continued on page 23.

System Requirements for Federal Retirement and Disability Related Programs

The JFMIP is currently developing functional requirements for systems used by the Federal government to administer certain benefit programs. Federal agencies disburse over a half trillion dollars in Federal entitlement benefits to millions of recipients annually. These benefits are controlled and accounted for in various agency systems. This "first time" effort to establish functional requirements for Federal benefit systems was initiated in FY 2000.

The requirements will primarily apply to systems used in administering Federal retirement and disability related programs, such as: Old Age Survivors and Disability Insurance, Supplemental Security Income, Veterans Compensation, Pension, Education and Burial, Railroad Retirement, Federal Employees Retirement System, Civil Service Retirement System (CSRS), Thrift Savings Plan (TSP), Retired Military Pay, Black Lung, Longshore and Harbor workers disability and similar programs. The financial system functional requirements for programs that have in-

nate insurance characteristics such as Medicare, Tricare and others may be addressed at a later time. Other programs that are Federally funded but administered by State and local government (e.g. Food Stamps) are generally subject to other system requirements such as grants or loans.

The project sponsor is Dennis Kordyak from the Department of Veterans Affairs (VA) and the project manager is Steve Fisher of the JFMIP. In developing the functional requirements for these benefit systems, the JFMIP identified key agencies and interested affinity groups that have an inherent interest and were willing to participate on the task force. The task force includes representatives from the Social Security Administration, VA, Department of Defense, Office of Personnel Management, Department of Labor, Railroad Retirement Board, Department of the Treasury, Federal Accounting Standards Advisory Board, General Accounting Office, and Office of Management and Budget. The proposed requirements will be defined in an exposure draft that is

scheduled for release in the Spring of 2001, subject to the approval of the JFMIP Steering Committee. There will be a 60-day comment period on the exposure draft.

When finalized, the benefit system requirements for Federal retirement, and disability related programs will address the common financial functional requirements in these Federal programs. As in other "system requirements" documents issued in the JFMIP's Federal Financial Management System Requirements series, the functional requirements will be designated as either mandatory and value-added. Mandatory requirements are those against which agency heads evaluate their systems to determine substantial compliance with systems requirements under the Federal Financial Managers' Integrity Act of 1996. Value-added requirements describe features that enhance the functionality of the software.

For more information, contact Steve Fisher via email at fishers@jfmip.gov. □

*OMB Issues Guidance,
continued from front page.*

FFMIA. The guidance also promotes a better understanding of how to determine compliance and what should be reflected in auditor reports.

Factors to Consider in Determining Compliance

The revised guidance identifies 4 factors that should be considered in determining substantial compliance.

Applicability

This factor recognizes that some requirements of A-127 are important but not essential to satisfying particular requirements of FFMIA

Assessing the Impact of Non-Compliance.

To be substantially compliant an agency must be able to:

1. Prepare financial statements and other required financial and budget reports using

information generated by the financial management system(s);

2. Provide reliable and timely financial information for managing current operations;

3. Account for their assets reliably, so that they can be properly protected from loss, misappropriation, or destruction; and

4. Do all the above in a way that is consistent with Federal accounting standards and the Standard General Ledger.

Meeting Minimum Standards versus Achieving Ideal Performance

Ideally, financial management systems should provide complete, reliable, timely and useful financial management information efficiently and automatically. However, FFMIA compliance itself neither requires nor results in ideal or state-of-the-art performance or system efficiency; nor does the law require that systems be entirely automated.

Specific FFMIA Requirements and Compliance Indicators

The revised guidance provides a set of charts that describe, for each of the 3 specific requirements of FFMIA, the minimum requirements to achieve compliance and examples of measures and indicators of compliance. It is important to note that not every "requirement" or compliance indicator reflected in these charts is applicable to every agency. An agency should first determine whether a particular requirement is relevant to the agency's financial management system before proceeding to evaluate compliance.

Non-Compliance

The revised guidance outlines the responsibilities of the agency head and auditor. If the financial management systems of an agency are found to be non-compliant with FFMIA, as determined by the agency head, a remediation plan must be developed.

Continued on page 23.



New Horizons for Financial Management

JFMIP 30th Annual Financial Management Conference

Tuesday March 13, 2001

Hilton Washington and Towers
1919 Connecticut Avenue, NW
Washington, DC

JFMIP Conference Agenda

7:00 am **Registration/Continental Breakfast**

8:00 am **Welcoming Address**

Karen Cleary Alderman, JFMIP Executive Director

8:15 am **CFO Council Committee Impact Award
Presentation**

By Steven O. App, Acting CFO, Treasury

8:30 am **Computer Security**

Whitfield Diffie, Distinguished Engineer, Sun
Microsystems, Inc.

9:15 am **Project Management**

Gopal Kapur, President, Center for Project
Management

10:00 am **Break**

10:30 am **Morning Panel Sessions**

Optimizing Financial Management in Government Programs

Leader: Sallyanne Harper, Chief Financial Officer/CMSO, GAO
Toni Hustead, Chief, Veterans Affairs Branch, OMB
Deidre Lee, Director, Defense Procurement, DoD
David Ziegele, Director, Office of Planning and Analysis, EPA

The Challenges of E-Government

Leader: G. Martin Wagner, Associate Administrator, Office of
Governmentwide Policy, GSA
R. Schuyler Leshner, Deputy Chief Financial Officer, Interior
Elliott C. McEntee, President and Chief Executive Officer,
NACHA
Mary J. Mitchell, Deputy Associate Administrator, Electronic
Government, GSA

Building a Quality Workforce

Leader: Kenneth Bresnahan, Department of Labor
Medy DeAussen, Project Manager, Freddie Mac
Dr. Philip Irish, Professor, Information Systems Management, In-
formation Resources Management College, National Defense
University
A. W. (Pete) Smith, Jr., President and CEO, Private Sector Council.

12:00 pm **Luncheon**

CPE Credit The Conference qualifies for 7 hours of continuing professional education credit.

1:00 pm **Presentation of Donald L. Scantlebury Memorial Awards**

1:30 pm **Keynote Address**
David M. Walker, Comptroller General of the U.S.

2:15 pm **Afternoon Panel Sessions**

A New Age for Financial Management Systems

Leader: Karen Cleary Alderman, Executive Director, JFMIP
David Kleinberg, Deputy CFO, DOT
Jerry Williams, Chief, Financial Systems Branch, OMB
Alain Simard, Vice President, Finance and IT, Royal Bank.

New Horizons for Government Auditing

Leader: Patricia Dalton, Acting Inspector General, Department of Labor
John Hummel, Director, National Industry, Federal Practice, KPMG, LLP
Jeffrey Steinhoff, Managing Director, Financial Management and Assurance, GAO

Information Integration: The Impact on Policy, Process and Oversight

Leader: C. Morgan Kinghorn, Partner, PricewaterhouseCoopers, LLP
William B. Early, Jr., CFO, GSA
Debra Sonderman, Director, Office of Acquisition and Property Management, Interior

4:30 pm **Conference ends**

Hotel Accommodations

A small block of rooms is available at the Hilton Washington and Towers at the government rate. Please call the reservation desk on (202) 483-3000 by February 13, and indicate that you are with the JFMIP Conference. The hotel is located at 1919 Connecticut Avenue NW, Washington, DC. It is 4 blocks north of Dupont Circle-Red Line Metro stop.

Registration Information

Attendance at this conference can be approved under the Government Employees' Training Act. Please register online at www.jfmip.gov and pay with your credit card. For government agencies, submissions of training authorizations must be made no later than March 5, 2001.

Registration starts at 7:00 am and the program will begin at 8:00 am sharp. Cancellation must be in writing and received by March 5, or a billing will be made. Substitutions will be accepted. Confirmations will be sent by email or fax. Questions on registration should be directed to Isabelle Howes, Graduate School, USDA, Conference Programs at (202) 314-3471.

Cost

The cost for the Conference is \$150. Please register and send payment (make check payable to Graduate School, USDA) to:

JFMIP Conference
Graduate School, USDA
Room 280 (IH)
600 Maryland Avenue, SW
Washington, DC 20024-2520.

JFMIP Annual Conference Registration Form

This registration form and payment or training authorization must be received by March 5, 2001. Conference fee: \$150 per person

PLEASE PRINT CLEARLY BELOW

Name (as you would like it to appear on your badge) ☐ Mr. ☐ Ms. _____

Title _____

Department/Organization _____

Office (e.g., Bureau of Administration) _____

Address _____ Room _____

City _____ State _____ Zip _____

E-mail _____

Office Phone () _____ Fax () _____

Please Indicate Means of Payment. Vendor is Graduate School, USDA.


_____ Check Payable to Graduate School, USDA

_____ Please Charge my ☐ VISA ☐ Mastercard ☐ Diner Club ☐ American Express

Credit Card Number _____ Expiration Date _____

Name of Card Holder (as it appears on card) _____

_____ Purchase Order/ Training Authorization attached

 Special Needs (i.e. sign language interpreter, braille, kosher meal, etc.) _____

Mail to: JFMIP Conference, Graduate School, USDA, Suite 280 (IH), 600 Maryland Ave., SW, Washington, DC 20024-2520 Fax to: (202) 479-6801

JFMIP CERTIFICATION PROCESS – PAST AND FUTURE ACTION

Background

For a number of years there was a process to test accounting software products prior to sale to government agencies. Upon review, the government decided to improve the process by separating the test from the procurement process and establishing a permanent staff to focus on it. In 1998, JFMIP was tasked with developing this new process to certify core accounting system products.

Since the certification test measures compliance only with established accounting requirements, JFMIP first vetted and revised the “Core Financial System Requirements” document in February 1999. JFMIP then developed the rules for the new certification process and published these in the document “Core Federal Financial System Software Qualification Test: Policy and Procedures” (Policy and Procedures). JFMIP then developed a test to measure software product compliance with the core financial requirements.

Eight vendors submitted nine different software products for certification. By September 30, 1999, five of the products were certified and the remaining four were certified during the next fiscal year. The policy also provided for government agencies that provide accounting systems service to other government agencies (cross service providers) to submit software for test, using the same process as commercial software vendors. In FY 2000, the Department of the Interior National Business Center became the first government cross-service provider to earn certification.

Once a software product passes the test, the Policy and Procedures provide that JFMIP issue certificates of compliance that are valid for a 3-year period. During this period, the government may request retest of software for 2 conditions: 1) to test and ensure compliance with new government requirements called an Incremental Test; and 2) to test changes as vendors release new software versions (called a Version Update Test). For FY 2000, JFMIP retested all certified software to ensure compliance with the FACTS II reporting requirement. Depending on the outcome of the government review of the significance of software changes, a Version Update Test may not be required, a partial re-

test may be required or a full retest of the software is necessary. The Policy and Procedures document referenced above provides more detailed explanation about this.

Observations About the Certification Process

The certification process executed during FY 1999 and FY 2000 achieved intended results. First, the JFMIP process tested 91% of the core requirements either partially or fully compared with an approximate 25% coverage in the old test process. Not one software product passed 100% of the test during the first attempt, and in a most cases, the vendor needed to improve and/or reconfigure the software to successfully pass the test. The final result is that all certified software products meet the JFMIP core financial system requirements as reflected in the qualification test.

Also, the FY 2000 Incremental Test of FACTS II requirements provided vendors, for the first time, universal access to details about a new government requirement along with a means to test software during development. JFMIP provided vendors a window to interpret the new requirements and Treasury FMS provided access to staff and a test facility. This combination of JFMIP and FMS resources provided vendors information to meet these new requirements within their software packages. To meet the FACTS II requirement agencies may upgrade to the new software version and/or modify the software tables to mimic the test environment.

As mentioned earlier, all software products that have a certificate of compliance meet 100% of the JFMIP core requirements that were tested. However, that is not to say that all software products are alike. Agencies need to ensure that the product meets any agency specific needs. Also, JFMIP did not test for performance through entering large volumes of data; therefore, agencies need to review the capabilities of software performance to support their internal and external transaction volumes.

During the tests JFMIP noted differences in the look and feel of the software products, the “user interface”. Again, while all products meet the core requirements, there are significant differences in the ease of use. Some prod-

ucts have very complex data entry screens and require many keystrokes, while other products are elegant in their simplicity. The user interface consideration is important as an overly complex system, while *perhaps* offering more flexibility, may lead to confusion during data entry causing posting errors. Somewhat related to the user interface is the quality of audit trails. While all products produce an audit trail, some are difficult to use. In summary, a complex user interface combined with a marginal audit trail could cause problems within an agency. JFMIP recommends that agencies review these areas carefully prior to selecting a software product.

Future Certification Process Activities

The current certificates of compliance for software products expire in 2002 and 2003. To maintain the certificates, JFMIP requires the vendor to submit the software product for a complete retest. This test process requires a complete cycle of development, which includes: 1) revising the JFMIP Core Financial System Requirements document, scheduled to be complete June 30, 2001; 2) Developing a new certification test, including a test of the test by April 30, 2002; and 3) Executing the test for the software products.

A prime consideration in this process is incorporation of any new government requirement into the core requirements document. Also as needed, JFMIP will strive to clarify requirements. This is an important stage in the process since the test can only test compliance with stated requirements.

From the current test process JFMIP learned that some requirements could be tested better and will incorporate these improvements into the requirement document and/or the test. However, JFMIP is also interested in actual agency experience in the use of these software products to determine other requirements that should be tested more thoroughly or perhaps a requirement that could be strengthened. Therefore, JFMIP has developed an interview instrument and will contact all agencies that have the software products to meet and better understand

Continued on page 21.

JFMIP System Requirements Documents

A major goal of the Chief Financial Officers Council and JFMIP is to develop and issue requirements documents for all of the components that comprise the Federal agency systems architecture.

Significant progress has been made in updating the requirement documents for most components of the architecture. During the upcoming year, we are working on projects to develop system requirements for benefit payments, non-tax revenue, and acquisition. Information on benefits system requirements can be found on page 11. The two remaining areas for system requirement development are budget formulation and insurance claims. A status of the most recent projects follows.

Non-Tax Revenue

The current Fellows in the Chief Financial Officer's (CFO) Council Fellows Program are developing a working definition and project plan for revenue system requirements. This requirements document will include exchange

JFMIP has issued the following system requirements:			
Inventory	June 1995	Direct Loan	June 1999
Managerial Cost Accounting	February 1998	Travel	July 1999
Core Financial System Requirements	February 1999	Seized Property & Forfeited Assets	December 1999
Human Resources & Payroll	April 1999	Guaranteed Loan	March 2000
		Grant Financial	June 2000
		Property	October 2000
For more information, please check out our website: www.jfmip.gov			

and non-exchange revenue but exclude income tax revenue.

David Kleinberg, Deputy Chief Financial Officer, Department of Transportation, will lead the work group in developing the JFMIP Revenue System Requirements document. A kick-off meeting will be scheduled in March 2001. Agencies interested in participating will be requested to provide a representative(s) to participate in the work group in February. For further information please contact Carla

Kohler at JFMIP on (202)219-0532 or by email at kohlerc@jfmip.gov.

Acquisition

JFMIP will be working with the Procurement Executive Council and CFO Council to develop acquisition system requirements. Mr. W.R. Ashworth, a procurement executive at the Department of Agriculture, is leading this effort. The JFMIP participant is Dennis Mitchell, available by phone at (202) 219-0529 or email at dennis.mitchell@gsa.gov. □

Human Capital Makes High Risk List for the Federal Government

On January 17, 2001, Comptroller General David Walker stated that "strategic human capital management" was on the high-risk list for the first time in General Accounting Office's (GAO) Report on the Federal Government's biggest management challenges.

The Government's approach to managing its people—its human capital—is the critical missing link in reforming and modernizing the Federal government's management practices. Many agencies are experiencing serious human capital challenges, such as skills imbalances, succession planning challenges, outdated performance management systems, and understaffing. The combined effect of these challenges serves to place at risk the ability of agencies to effectively, efficiently and economically accomplish agency missions, and manage critical programs.

GAO is also continuing to monitor 21 other areas that are on the high risk list. To obtain more information, please go to www.gao.gov.

2001 High-Risk Areas

Addressing Governmentwide High-Risk Areas

- Strategic Human Capital Management
- Information Security

Ensuring Major Technology Investments Improve Services

- Federal Aviation Administration Air Traffic Control Modernization
- Internal Revenue Service (IRS) Tax Systems Modernization
- Department of Defense (DOD) Systems Modernization

Providing Basic Financial Accountability

- DOD Financial Management
- Forest Service Financial Management
- FAA Financial Management
- IRS Financial Management

Reducing Inordinate Program Management Risks

- Medicare Program
- Supplemental Security Income
- Earned Income Credit Noncompliance
- Collection of Unpaid Taxes
- DOD Infrastructure
- DOD Inventory Management
- HUD Single-Family Mortgage Insurance and Rental Housing Assistance Program Areas
- Asset Forfeiture Programs

Managing Large Procurement Operations More Efficiently

- DOD Weapon Systems Acquisition
- DOD Contract Management
- Department of Energy Contract Management



The Financial Systems *Road Map* is an important part of the JFMIP Knowledgebase. It's easy to use and one of JFMIP's priorities is to keep it populated with current information!

The *Road Map* is the result of a joint effort by the Chief Financial Officers' (CFO) Council, Financial Systems Committee and JFMIP to provide agencies information and tools to help with financial systems implementation. With the *Road Map* up and running (and the bugs worked out for the most part), our focus is to keep it current with information collected from the financial management community. If you have a product, tool or information that could be useful to your colleagues, please submit it to JFMIP by logging on to www.jfmip.gov/roadmap, and hit the "submit document" button. You can also review our quality assurance policy while there.

We have targeted these specific areas to populate the *Road Map* soon:

- *Treasury Central Systems Requirements.* The Financial Management Service helped us post timelines for all planned Treasury central systems

changes. We will continue working through the JFMIP Steering Committee and FMS to keep the list current since agencies and vendors have both stressed the importance of better planning for system enhancements and upgrades.

- *Financial Systems Contacts.* Who's who and using what software package in the Federal financial management community? JFMIP wants commercial off-the shelf (COTS) User Groups, the federal agency "super users group", and vendors to continue contributing to a consolidated list of Financial Systems by agency and contact. The super users group consists of senior agency financial officials who are implementing or planning to buy COTS financial software packages within the next few years.
- *Lessons Learned/Best Practices.* We will continue to collect and post "best

practices" as well as "lessons learned" implementing financial systems, as submitted by federal agencies. We don't have a formal review process or format right now, however, we are evaluating the benefits of a formal process/format in order to maintain a database. We will keep you posted of any developments.

- *Research Topics.* Papers that are submitted to us on topics of interest, such as Parallel Testing, will be posted in the appropriate area of the *Road Map*.
- *Recruitment and Retention of Project Managers.* The JFMIP and the CFO council's Financial Systems CCommittee, in collaboration with the CFO Council's Human Resources Committee, have worked on a paper to delineate issues concerning the recruitment, retention and training of project managers and personnel

Continued on page 22.



Designed To Fit CFO, CIO and CEO Strategic Training Needs

Today's work environment is *significantly changed*. Not too long ago, we were comfortable and, indeed, effective, working in our "stovepipes." Today we find ourselves sitting at a much larger table with folks we hardly know. They talk differently. They act differently. They have different perspectives. Yet, they are sitting *at our table*. The agency finance officer is sitting across the table and seeing the agency business executive and the agency information technology officer. And it's a serious discussion – they want to talk about mission, vision, strategic plans, business plans, mission objectives, and outcomes! Wow! And, by the way, they look just as uncomfortable as the agency finance officer!

"Stovepipes" are being replaced by cooperative partnerships. Strategic thinking and mission delivery are the responsibility of all. Information technology is changing at *an even more* rapid pace. Organizational boundaries are fading. Customers' expectations (i.e., demands) for information are immediate and broad. Security threats are ever present and rising in sophistication. Meanwhile, the government official still faces the usual challenges of tight budgets, reduced resources, competing priorities, and political influences. New knowledge, skills, and abilities are essential for today's government executive and manager to be effective in the new millennium.

Now there *is* hope! The STAR (Strategic and Tactical Advocates for Results) Program is a major initiative of the Federal Chief Information Officers (CIO) Council and the General Services Administration. STAR is designed for today's management environment where agency finance, business, and information technology people need to be comfortable *operating together* – strategically and

tactically. STAR emphasizes Clinger-Cohen results-based management as well as "information technology as a strategic resource".

STAR is a new learning model – in content and in its operational delivery.

STAR partners with some of the most highly acclaimed institutions in the country to develop and deliver its curriculum. For the resident pilot classes, Carnegie Mellon's famous Computer Emergency Response Team (CERT) delivers a segment on *Security*. The NTL Institute for Applied Behavioral Science, one of the pioneer institutions in experiential learning in the country, teaches *Leadership*. The Dayton Group, a select set of instructors certified by the Project Management Institute (PMI), delivers *Program and Project Management*. The META Group, a forecasting organization that invests approximately 50% of its revenue in research, teaches *Technology*. And Georgetown University's Government Affairs Institute delivers *Government* - a segment designed to provide insight into the thinking and workings on Capitol Hill. The curriculum is tailored to the experience and needs of the specific participants in each session.

STAR's operational delivery is also different. First, STAR is consistent with Donald Kirkpatrick's Leading Model, which emphasizes the *transfer of learning*. STAR is about *changed behavior*. The program's theme is "Learn—Change—Lead."

Second, STAR consists of 2 one-week residential seminar sessions (separated by 2 – 4 weeks) focused on Program and Project Management, Leadership, Security, Technology, and Government. Key people are not out of the office for longer than a week at a time.

Third, STAR involves pre-work and a practicum – which spans the STAR experience with results demonstrated to the participant's sponsoring executive. STAR is results based. Its philosophy is "an executive invests in one of his or her highest potential employees and then expects a return on investment." The practicum is *the first* ROI by the student.

Program and Project Management

Program and Project Management examines what senior level executives and managers must know to effectively oversee and manage multiple initiatives and/or project managers. It is a facilitated workshop experience based on the Project Management Institute's Guide to the Project Management Body of Knowledge (PMBOK). Major instructional elements are: Where Things Go Wrong, Project Management Culture, Stakeholder Management, The Project Front End, Effective Planning, Leading People, and The Program Manager.

Leadership

Leadership emphasizes the effective "Use of Self" in today's organizational environment. The course examines the drivers for leadership. It is based on the leadership principles of Kouses and Posner: Challenging the Process, Inspiring a Shared Vision, Enabling Others to Act, Modeling the Way, and Encouraging the Heart. This leadership segment will address "the Strategic Function of Leadership," "Myself as a Leader," "Individual Leadership Gap Analysis," and "Use of Self".

Security

Dependence on information technology and interconnecting systems has increased the security risks that organizations experience. Security explains the dimensions of increased threats and the characteristics of effective responses. Participants will be able to apply threat information to the specific context of their organizations, develop and review policy to deal with threats, and understand selected issues with respect to technological responses to threats. Major instructional elements are: "Security Awareness and IT," "Security Response - Management," and "Security Response - Technical".

Continued on next page.

CFO Council Consolidated Recruitment Consortium

Recognizing common recruitment issues throughout the financial community, Kenneth Bresnahan, Chief Financial Officer (CFO), Department of Labor and the Chair of the Human Resources Committee (HRC) of the CFO Council, invited agencies to pool their resources and establish a consolidated approach to attracting and retaining individuals for Federal financial management positions. Eight entities have answered the call so far: Department of Labor, Department of Justice, Department of Agriculture, Department of Energy, Department of Interior, National Institute of Standards and Technology, National Oceanic and Atmospheric Administration, and the Environmental Protection Agency. Together, these agencies represent the Consolidated Recruitment Consortium.

The Consortium includes financial management and human resources personnel. It meets regularly to brainstorm innovative ways to recruit qualified, highly motivated in-

dividuals to fill entry level accountant and other financial management positions. The Consortium has developed the *CFO Careers Program*. The *CFO Careers Program* offers permanent positions throughout the Federal government that provide challenging and rewarding financial management experiences in the form of classroom training and rotational, developmental assignments.

The George Washington University in Washington, DC was the site of the Consortium's first recruitment effort last Spring. Since then, agencies have identified more than sixty potential candidates for entry level accountants and financial management positions for the upcoming year. Nine additional colleges and universities were identified for Fall 2000 recruitment. Small teams of Consortium representatives visited these campuses and recruited on behalf of all members. Several members of the CFO Council have volunteered to accompany the Consortium on their campus visits.

The CFO Council as well as the HRC strongly believe that it is necessary to deliver *one* message to promote the rewards and opportunities of a Federal career in financial management. To that end, the CFO Council solicited assistance from the Office of Personnel Management (OPM) in the development of promotional materials describing the scope and importance of Federal financial management and the benefits of a Federal career. The Consortium distributed these materials to the schools during Fall 2000. OPM also assisted in the Consortium's recruitment effort and provided training to approximately 20 participants who were involved with the Fall recruitment. The first certificate of eligible applicants from this Consolidated Recruitment Consortium was issued by OPM. They are planning to recruit in the spring.

If you would like additional information on the Consolidated Recruitment Consortium, please contact Deborah Staton-Wright at (202) 219-7383. □

STAR,
Continued from previous page

Technology

With policy, financial planning, administrative, and IT functions converging, the Federal leader must understand technology's crucial role in delivering business solutions. Technology facilitates the integration of strategic and tactical initiatives through the application of business principles, IT principles, and industry technology trends. It examines today's trends in the context of real business needs. The curriculum includes intensive training on business and IT public sector industry directions by industry analysts, coupled with the application to problems faced by participants. Major educational elements are: "Public Policy, the IT Imperative-Synchronizing Technology and Business" and "Technology, the Horizon-E-government, the Product and Service Marketplace."

Government

STAR participants travel from their seminar facility outside of Washington, D.C. to "Capitol Hill" for Government. Meals are served on the Hill. Sessions taught in actual hearing rooms of Congress address key topics and issues related to the oversight of agency missions and operations. Participants benefit from insightful dialogue and discussions with current/former members of Congress. Key educational segments are: "Politics of the Legislative Branch," "The Congressional Authorization, Appropriation, and Budget Processes," "Working Effectively with Congressional Staff," and "The Current Congress". □

PROGRAM DETAILS

STAR is open to candidates from all agency disciplines: finance, information technology, procurement, and agency program functions. STAR emphasizes planning and tactical leadership across these disciplines. Each candidate

must be sponsored by an agency executive, and hold a Senior Executive Service, GS/M 15, GS/M 14, or field GS/M 13 position, or be of comparable military rank. Work on a practicum is required over the course of instruction. The completed practicum, which reflects the environment and issues of a participant's agency, is returned to the sponsoring executive upon completion of the seminar. Pre-work related to the Program and Project Management and Leadership segments, and to the practicum, is also required. STAR graduates will benefit from a network of all STAR graduates.

For more information, visit the STAR web site, <http://ciouniversity.cio.gov> or contact STAR at star.program@gsa.gov, or call the IT Professional Development Division of the General Services Administration at (202) 501-0819. Classes are held at the Kingsmill Resort in Williamsburg, VA. Please check the web site for specific dates. Tuition for the STAR two-week seminar is \$4,500 plus per diem.

*Joint Perspective,
continued from page 2.*

Dissecting the data indicates that the use of modern information technology tools to deliver government services has a significant impact on public satisfaction. For instance, the 2000 satisfaction rate with the Internal Revenue Service measured 75 on the ASCI scale for electronic tax filers compared to 48 for paper filers. The U. S. Mint, which has a fully integrated management system and on-line customer service capability, received an ASCI of 84 from buyers of its numismatic and commemorative coins.

Significant differences in scores for similar functions reflect customer assessment of whether the process of delivering a government service is timely and fair. For example, recent retirement benefit recipients gave the Social Security Administration an ASCI of 84. Recent veteran compensation and benefit claimants gave the Veterans Benefits Administration a score of 58.

The cited examples illustrate how extra-governmental institutions capture citizen perception of government performance and track trends over time. The adoption and adaptation of audited financial statements by Federal agencies illustrates a transition to performance metrics used by public corporations, non-profits, and state and local governments. Since the early 20th century, private sector corporations have used financial statements prepared in accordance with generally accepted accounting principals as a standard method to disclose financial condition and performance. Federal agencies adopted this discipline in the 1990s using accounting standards issued through the Federal Accounting Standards Advisory Board. Prior to 1990, Federal agency financial performance was measured by success in getting a budget approved and keeping track of outlays. Transition to the new model, where achieving a clean audit opinion on financial statements is the recognized benchmark for Federal financial performance, started with the passage of the Chief Financial Officers Act in 1990 and was institutionalized by the passage of the Government Management Reform Act of 1994. The 1998 inclusion of the Statement of Budgetary Resources as one of the primary financial statements created a closer nexus between budget formulation and budget execution. The first governmentwide Finan-

cial Report of the United States Government was produced in 1997.

Audited financial statement results suggest great improvement has occurred in Federal agency financial management and that opportunity for further improvement still exists. In 1999, 24 agencies produced financial statements and 14 of the 24 CFO agencies achieved clean opinions. However, this success frequently reflected heroic staff efforts to gather and reconcile information from systems that are not integrated. The governmentwide Financial Statement received a disclaimer of opinion. Issues resulting in the disclaimer reflect agency specific challenges such as properly accounting for DoD property and certain stewardship assets; inadequacies in estimating and reporting environmental liabilities and military health care liabilities; improper payments and recording of all disbursements. It also reflects a limited ability to reconcile intragovernmental transactions. While some deficiencies in the governmentwide statement must be solved within specific agencies, overcoming intragovernmental eliminations requires a governmentwide approach to standardize policy, processes, and information.

By this time next year, Federal agencies will be preparing their FY 2001 financial statements and finalizing their FY 2003 budget submission. In most cases the Agency Head and the Chief Financial Officer will have been in place for only a few months. Yet, the process of performance measurement by extra-government institutions, as well as institutionalized agency financial statements, will provide an assessment of how well this Administration is running the government.

Federal Agency Capacity to Support Performance Goals.

The ability of the new Administration to maintain and improve program and financial performance will depend upon strategic assets as well as strategic vision. Leadership and consensus building are critical to mobilizing the machinery of government—the people and the systems—to deliver. However, the condition of that machinery requires leadership attention. Specific challenges include Federal human capital, rapid changes in technology, and change management. These challenges are interrelated.

Comptroller General David M. Walker summarized the Federal human capital challenge in his December 4, 2000 statement before the Subcommittee on Government Management, Information, and Technology. He refers to the government's human capital management process as the "missing link" in the strengthened government management framework. The shift to a knowledge-based economy poses human capital challenges for Federal government in attracting and retaining a workforce that is sophisticated in using new technologies, flexible, open to continuous learning, and focused on results. Traditional views of Federal human capital must change from a cost to be cut to a valuable asset that must be husbanded and effectively deployed.

The Federal work force is aging and is limited by skill imbalances due to changing requirements and changing systems, as well as a history of limited investment in workforce education and training. The average age of the Federal worker in September 1999 was 45.9. Over the last decade the share of Federal workers who are currently retirement eligible more than doubled. The financial management profession is even "grayer" than the work force as a whole, with more than two-thirds aged 45 or older.

Introduction of new requirements and new technologies will magnify current skill imbalances. In 1998, benchmarking data from 11 agencies indicated that close to eight of ten financial management work years was dedicated to transaction processing. Only 4 percent of work years were devoted to decision support. Both the Executive Branch and General Accounting Office concur that current clean audit opinions reflect heroic efforts of a relatively small cadre of personnel who pull information from many systems and processes and manually reconcile it. As outsourcing and the implementation of new, integrated financial systems automate transaction processing, the legacy financial management work force skills will become increasingly obsolete. At the same time the ability to field the new systems, operate these systems, produce required reports, and serve the public is placing tremendous pressures on the cadre of personnel now managing these new processes, many of whom are eligible to retire. Indeed, a key human resource needed

Continued on page 21.

FASAB Update

The Federal Accounting Standards Advisory Board (FASAB) met on December 8, 2000 and the highlights are summarized.

Board Issues Preliminary Views on RSSI

The FASAB seeks comments on its preliminary views on eliminating Required Supplementary Stewardship Information (RSSI) as a category of information in federal financial reports. (Note: RSSI is a category unique to federal financial reporting; for background information on RSSI please see the last several issues of the *FASAB News*.) FASAB Chairman David Mosso explained that this document is a step toward one or more exposure drafts of a Statement of Federal Financial Accounting Standards, but it is not an exposure draft of a proposed standard. The Board would proceed to a final Statement of Standards on this subject only after considering comments on this document and on one or more subsequent exposure drafts issued pursuant to it.

Comments are due to FASAB offices by March 15, 2001. Copies of the Preliminary Views document are available at FASAB's website at: www.financenet.gov/financenet/

fed/fasab/concepts.htm. Printed copies will be sent to those on FASAB's mailing list. If the Board decides that public interest justifies a public hearing on these issues, it will announce such in the *Federal Register* and in the *FASAB News*. Please contact Robert Bramlett: 202-512-7355, bramlett.r.fasab@gao.gov.

Board Considers Prior Period Adjustments

The FASAB staff presented the Board with a draft exposure draft on an issue that the Board had not previously considered. Statement of Federal Financial Accounting Standards (SFFAS) 7, *Accounting for Revenue and Other Financing Sources*, does not permit restatement of prior period adjustments in the financial statements. The Board believed that financial statements should remain as originally issued to ensure historical accuracy and budget reconciliation. Further, the Board believed that requiring agencies to restate prior period adjustments might be burdensome. An unforeseen consequence of the SFFAS 7 prohibition, however, is that entities making corrections for a prior period error encounter presentation and audit difficulties in their comparative financial statements.

That is, if agencies don't restate prior year statements and a known error is not corrected, auditors would qualify their opinion. On the other hand, if agencies restate prior year statements to reflect corrected balances, auditors also would qualify their opinion since restating corrected balances is not in accordance with SFFAS 7.

After discussing the issue, the Board generally agreed with the intent of the draft exposure draft. The staff will incorporate Board changes and send the revised draft to Board Members for pre-ballot comments. For more information, please contact Andrea Palmer: 202-512-7360, palmera.fasab@gao.gov.

Briefing on National Defense Property, Plant & Equipment (PP&E) Study

KPMG briefed the Board on the results of its study under contract with the Department of Defense, "Report on the Evaluation of National PP&E Defense Reporting Approaches." In the report, KPMG recommends: capitalizing major end items

Continued on page 22.



Federal Learning eXchange Builds Training Resource Framework

The Federal Learning eXchange (FLX) was officially launched in June with a letter from the White House requesting that all Federal agencies list their training offerings and take advantage of the opportunities FLX offers for agencies to collaborate on common education and training needs. FLX was created by Executive Order 13111, which directed the Department of Labor to work with Federal training staffs government-wide and the President's Task Force on Training Technology to build a comprehensive

database of training resources to facilitate access to Federal training.

This is precisely what the Federal financial community had been seeking: a one-stop resource center for professional development. At the 1998 CFO Council Human Resources Education Forum, a key recommendation from attendees was to establish an electronic consolidated clearinghouse of financial education and training opportunities. An additional "nice to have" recommendation was to link courses to the pertinent JFMIP/CFO Council Core Competencies. This would en-

able learners in the financial community to pinpoint their searches for career development opportunities by competency with one keystroke. Such a refined search would narrow subsequent sorting by delivery mode (classroom, Web based, conferences, etc.) or location.

FLX does just that. When training providers list their offerings, the system prompts them to indicate if their courses relate to the CFO Council core competencies. If so, the vendor may then link each course

Continued on page 22.

*Joint Perspective,
continued from page 19.*

to successfully field new information technology based financial management systems — project managers — are in critically short supply.

In addition to successful leadership of the Federal workforce, the incoming Administration must successfully manage rapid change in Federal systems and information technology tools. These projects have great potential for improving the business of government in terms of reduced transaction cost, cycle time, and customer satisfaction. If properly structured, they will result in improved internal controls and the production of information to support program management and satisfy internal and external reporting and oversight functions. Almost two-thirds of the approximately one thousand financial system applications have been identified as needing replacement in the next five years. The promise of modern integrated administrative systems is that data is entered once and reused at many levels. Business rules and internal controls can be programmed to facilitate manager and employee self service for many types of transactions that currently require specialized administrative staffs. The challenge is that only one in ten information technology projects in large commercial organizations come in on time, budget, and functionality. Continuity of leadership focus and support, user involvement, and clear business purpose are key elements for being successful.

From the perspective of individual citizens, government performance is frequently measured by ease of access to needed information and services. FirstGov now provides access to government information and services 24 hours a day, 7 days a week, through a single portal that is focused on the needs of our citizens and businesses. In its first week of availability, about a quarter million people visited the site. Web-based systems hold the potential for end-to-end delivery of services to citizens ranging from federal grants and loans, sale of excess property, and license applications. Web-based systems also hold the promise of efficient maintenance of the software applications while delivering capability via the personal computer.

The mandate of the 1998 Government Paperwork Elimination Act will accelerate change. By 2003 the Act requires Federal ex-

ecutive agencies to provide individuals or entities the option of electronic submission, maintenance, or disclosure of information as a substitute for paper, including submissions that require signatures. OMB has issued policy, and the Department of Treasury, National Archives and Records Administration, Department of Justice, and Department of Commerce's National Institutes of Standards and Technology (NIST) have issued complementary guidance. GSA has issued a contract from which digital signature certificates can be obtained. The mandate, policy framework, and technical guidance are in place. The hard work of selecting the right investments to optimize mission support in an electronic environment, protect security and privacy, and achieve the scalable information technology architecture necessary to support these changed business practices will largely fall on the shoulders of this Administration.

The underestimated challenge is change management — overcoming cultural, institutional, and resourcing barriers to modern integrated systems. System based solutions require adherence to data and business process standards. These are hard to achieve under existing institutional arrangements where authority is diffuse. For example, a recent report on Federal payroll and human resource leaders found that:

Management systems that support human resource, payroll, and time and attendance processes must transcend traditional stovepipes to comply with changes in laws, policies, and accounting standards. However, core processes lack consistent standardization. Barriers to electronic commerce still exist and must be removed to facilitate automation and meet security requirements. Highly diverse technical infrastructure presents challenges. To date, Federal "Councils" are not engaged to foster cooperation or full review.

While these comments pertain to human resources and payroll systems, similar system integration barriers exist for business processes such as procurement, intragovernmental transactions, and others. The Capital Planning and Investment Control process recently instituted by OMB as the result of the Information Technology Management Improvement Act of 1996 provides a

framework for integrated oversight of information technology investment. The goal of this framework is to ensure that projects support mission and that stakeholders are engaged. The recent launching of FirstGov provides an example of garnering governmentwide support and resources for a targeted initiative using the President's Management Council and the other government councils. For most cross cutting administrative processes, getting the "bits and bytes" technically right is achievable. Exemplar institutional arrangements to facilitate buy-in for cross cutting initiatives and to pool resources are emerging. But, the human dimension is the most difficult to orchestrate.

In summary, as we transition to the new Administration, a key indicator for its success will be the performance of government. However, the machinery of government requires attention if performance is to improve, and leaders must tap the talents and capabilities of the Federal workforce. Leaders at the highest level must establish a sense of urgency, form a powerful guiding coalition, create and communicate vision, and empower others to act. Leaders must select management goals, stay engaged, plan and create short-term wins, and institutionalize change.

*Certification process,
continued from page 14.*

where the requirements or test could be improved. JFMIP will use this information to improve the next round of requirements and test certification.

For the agencies, it is important to note that even if an agency has procured a software product, this new requirement and test cycle will be beneficial. The process will direct software products to either meet new requirements or to better meet existing requirements. As agencies upgrade to new software product versions, they can ensure that the software product offered remains aligned with the government's requirements. JFMIP looks forward to meeting with your agency soon. For more information, contact Stephen Balsam by phone at (202) 219-0531 or by email at stephen.balsam@gsa.gov. □

New Government Auditor Designation Announced

The Institute of Internal Auditors (IIA) is now offering a new certification. The Certified Government Auditing Professional (CGAP) is a brand-new specialty designation that was designed for and by government auditing practitioners. The CGAP certification program goes beyond financial management by addressing items specific to government practitioners. It covers government auditing practice, methodologies, and environment, as well as generally accepted government auditing standards such as those from The IIA. The CGAP also requires understanding and knowledge of control/risk models such as the Committee of Sponsoring Organization of the Treadway Commission (COSO) and the Criteria of Control Board (CoCo).

Each person who applies to become a candidate in the CGAP program agrees to accept the conditions of the program. These include requirements regarding eligibility, exam confidentiality, ethics, continuing professional development, and other conditions that are enacted by The IIA's Board of Regents (BOR) or Certification Department. To recognize this government specialization, The IIA's Board of Regents has approved the CGAP designation for Professional Recognition Credit for Part IV of the Certified Internal Auditor (CIA) examination.

CGAP candidates must have either a bachelor's (four-year) or equivalent degree, or an associate's (two-year) degree plus five years of work experience in a government environment. They must exhibit high moral and professional character and must submit a character reference signed by a CGAP, a CIA, a CCSA (Certification in Control Self-Assessment), or the candidate's supervisor. CGAP candidates must also obtain two years of auditing experience in a government environment (federal, state/provincial, local, quasi-governmental areas, or authority/crown corporation).

CGAP candidates are allowed to participate in the nondisclosed CGAP program for one year from the date that the application is approved. Upon certification, CGAPs are required to maintain their knowledge and skills and stay abreast of improvements and current

developments in the government auditing environment. For more information on CGAP, visit the Certifications section of The IIA Web site at www.theiia.org.

Established in 1941, The Institute of Internal Auditors serves 70,000 members in internal auditing, risk management, governance, internal control, IT audit, education, and security. With representation from more than 100 countries, The IIA is the recognized global authority on internal auditing and the profession's acknowledged leader in certification, education, research, and technological guidance worldwide. □

*FASAB Update,
continued from page 20.*

(e.g., aircraft, ships, and combat vehicles) without depreciating them; capitalizing and depreciating other national defense property, plant, & equipment (e.g., command and control systems, intelligence and communication systems, and specific support equipment); and reporting the units and condition of major end items. The Board will take this report and associated comments under consideration in developing its exposure draft on reporting on national defense PP&E. Rick Wascak is the point of contact: 202-512-7363, wascakr.fasab@gao.gov

Board Approves SFFAS No. 19

FASAB approved SFFAS 19, *Technical Amendments to Accounting Standards for Direct Loans and Loan Guarantees*. The amendments clarify (a) the cash flow discount method, (b) the use of effective interest rates, and (c) the measurement principle for default costs of direct loans and loan guarantees. (For background on this issue, see recent issues of the *FASAB News*.) The SFFAS will be submitted to FASAB principals for a 90-day review; if there is no objection, the statement will be issued as a final SFFAS. For more information, contact Richard Mayo: 202-512-7356, mayor.fasab@gao.gov □

*Learning eXchange,
continued from page 20.*

to the appropriate JFMIP/CFO Council Core Competencies. The page also has a link to the JFMIP web site that contains each document in the Core Competency series of publications.

FLX also allows users to conduct a search for training and education by core competency. By clicking on the desired subject area, pertinent courses appear. The user can also bring up several courses and use a special FLX feature that permits comparisons among offerings.

The FLX team is to be commended for working to design and implement these special features for the Federal financial community. The team has provided the framework to realize the vision articulated at the 1998 Forum. The next step is up to us. As members of the financial community, we are responsible for strongly encouraging our training providers - Federal, academic and private sector - to register in FLX and populate the database. It's a "Win-Win" proposition for everybody. Training providers can provide enhanced services to their clients while getting a great, no cost marketing opportunity!

Explore the Federal Learning eXchange at www.flx.gov Inform your training providers as well. For more information, contact George Koch at kochg@flx.gov or Etta Williams at williamse@flx.gov. If you prefer the phone, you can call George at (703) 575-4357 and Etta at (703) 575-4378. □

*Road Map Directions,
continued from page 16.*

working on financial system implementation. The study team has posted an exposure draft of *Core Competencies for Project Managers* and request comments by February 16.

What do you want on the *Road Map*? JFMIP and the Road Map Subcommittee will continue visiting agencies to discuss their priorities. If you have any special interests or questions on the *Road Map*, please email bruce.turner@gsa.gov. □

*JFMIP System Requirements,
continued from page 10.*

organizations, and officials for review and approval of the document for publication.

25. Prepare and publish the final document.

These steps for developing JFMIP requirements documents are not carved in stone. Some of the steps in the model we've described may occur in a different category from where it is listed. Some of the steps may occur in a different sequence, or they may not occur at all. Additional steps may also be needed. It is critical to identify a knowledgeable, professional project manager from the functional area involved, such as direct loans, property, or benefits, to lead the effort and determine whether any deviations are needed.

As you might expect, the JFMIP takes an active role in carrying out many of these tasks; e.g., establishing the project, working with the functional area involved to identify a leader, ensuring integrity thorough vetting draft documents, and handling administrative matters related to publishing Exposure Drafts and collecting comments.

For more information, contact Dennis Mitchell at (202) 219-0529 or email at: dennis.mitchell@gsa.gov. □

*Human Resource,
continued from page 5.*

agency representatives, to implement the strategies outlined in the paper. The Federal government's willingness to change both hiring practices and business approaches is key to successful resolution of the problems we are facing. The JFMIP will post the document that details the model and strategies in the near future. The JFMIP extends a special thanks to the organizations and individuals that contributed to this important effort. □

*OMB Issues Guidance,
continued from page 11.*

Effective Date

The revised guidance is effective immediately and applies to all Executive departments and agencies that are required to be audited and listed in Appendix A of OMB Bulletin No. 01-02, *Audit Requirements for Federal Financial Statements*. The guidance should be used for financial reports and audits for fiscal year 2000 (unless an agency's report and audit has already been completed) and thereafter.

For more information, contact Jerry Williams at OMB, (202) 395-5021. □

*Kleinberg,
continued from page 4.*

made on line, but the transaction is also automatically posted to the accounting system. He estimates that the successful implementation of the system could save as much as \$60-75 per transaction and ultimately save the DOT millions of dollars.

Although he notes great progress in government financial management, Mr. Kleinberg believes continuous improvement is necessary. Not surprisingly, he wants to see greater integration of information technology and financial management skills. Moreover, he envisions government methods changing to take advantage of technological advances and contemporary business practices. For example, Mr. Kleinberg views some existing legislation as binding, often requiring unnecessary and costly processes that have little or no value. Such legislation thwarts agency efforts to move to more efficient procedures that better mirror the private sector. To adopt proven systems and overcome the three-year delay associated with the current budgeting cycle, he believes agencies should be able to use modest amounts of money as a "Venture Innovation Fund." Such a fund would allow for the immediate application of resources in the area of information technology with post-reporting for accountability. Although some failures are expected, Mr. Kleinberg points out the payoff is greater than the risk if an agency "gains three years of use for those ventures that pay off." Additionally, he would like to see "information utilities" created to reduce inter-agency replication and support greater efficiencies. David Kleinberg is truly a change agent. □

Treasury Training Events

TWO SPECIAL TRAINING EVENTS WILL BE PRESENTED BY
THE CENTER FOR APPLIED FINANCIAL MANAGEMENT:

2001 YEAR-END CLOSING SEMINAR ON AUGUST 6, 2001.
TUITION IS \$280; CPE IS 8 HOURS.

11TH ANNUAL GOVERNMENT FINANCIAL MANAGEMENT CONFERENCE ON AUGUST 7-9, 2001. THE TUITION IS \$575.
CPE CREDIT: UP TO 24 HOURS

THE LOCATION IS THE HYATT REGENCY BETHESDA, BETHESDA, MARYLAND. THE YEAR-END CLOSING SEMINAR PRESENTS THE LATEST INFORMATION AND TIPS ON YEAR-END REPORTING REQUIREMENTS, SUCH AS FACTS I.

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JFMIP Financial Management Conference

**MARCH 13
2001**

See Pages 12 & 13
for details and
registration form

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